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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): August 7, 2019**

**Surgery Partners, Inc.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-37576**  
(Commission  
File Number)

**47-3620923**  
(IRS Employer  
Identification No.)

**310 Seven Springs Way, Suite 500  
Brentwood, Tennessee 37027**  
(Address of Principal Executive Offices) (Zip Code)

**(615) 234-5900**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	SGRY	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On August 7, 2019, Surgery Partners, Inc. issued a press release announcing results for the three and six months ended June 30, 2019. See the press release attached as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Surgery Partners makes reference to non-GAAP financial measures in the attached press release and a reconciliation of such non-GAAP financial measures to the most directly comparable GAAP financial measures is provided therein.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

99.1 [Press release dated August 7, 2019](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SURGERY PARTNERS, INC.

By: /s/ Thomas F. Cowhey  
Thomas F. Cowhey  
Executive Vice President and Chief Financial Officer

Date: August 7, 2019



## SURGERY PARTNERS, INC. ANNOUNCES SECOND QUARTER 2019 RESULTS

BRENTWOOD, Tenn., August 7, 2019 (GLOBE NEWSWIRE) - Surgery Partners, Inc. (NASDAQ:SGRY) ("Surgery Partners" or the "Company"), a leading provider of surgical services, today announced results for the second quarter ended June 30, 2019.

- Revenues increased 2.0% over the prior year period to \$445.4 million; Adjusted Revenues increased 1.8% to \$452.8 million
- Same-facility revenues increased 7.9% over prior year period
- Net loss attributable to common stockholders of \$28.6 million
- Adjusted net loss attributable to common stockholders of \$14.1 million
- Adjusted EBITDA increased 10.5% over prior year period to \$61.2 million
- Diluted net loss per share of \$0.59
- Diluted adjusted net loss per share of \$0.29
- The Company reiterates its double-digit Adjusted EBITDA growth for full-year 2019

Wayne DeVeydt, Chief Executive Officer of Surgery Partners, stated, "Our results for the first half of 2019 reflect robust top line growth, increasing value creation from our strategic initiatives and disciplined cost management, resulting in strong, double-digit Adjusted EBITDA growth. We grew second quarter same facility revenues nearly 8%, above the high end of our long-term targets, and the second quarter of 2019 marks our fourth consecutive quarter of same-facility revenue and case volume growth. We remain confident in our ability to grow Adjusted EBITDA at a double-digit rate in 2019 and beyond."

"We continue to believe in the strength of our short-stay surgical facility strategy and the value we offer to patients, providers and payers. We are encouraged that CMS has continued to recognize this value with the proposed calendar 2020 fee schedule updates for Medicare's hospital outpatient prospective payment system and ambulatory surgery centers. These proposed updates will allow us, for the first time, to conduct Total Knee Arthroplasty (TKA) procedures for Medicare beneficiaries in our ambulatory surgery centers, much the same as we do for commercial patients today."

Tom Cowhey, Chief Financial Officer of Surgery Partners, commented, "We believe the first half of 2019 demonstrates the power of our model, our strategic initiatives and our potential. We are pleased to see continued same facility growth in both volumes and rate, with strong margin improvement as our initiatives take hold. We continue to invest to expand existing facilities and enter new markets that will support organic growth, while the introduction of Medicare total joints to our ASCs appears to be on the horizon. Untapped opportunities in rate, procurement and revenue cycle optimization give us conviction in our 2019 outlook, with additional benefits that will drive growth in 2020 and beyond."

### Second Quarter 2019 Results

Adjusted Revenues for the second quarter of 2019 increased 1.8% to \$452.8 million from \$444.8 million for the second quarter of 2018. Same-facility revenues for the second quarter of 2019 increased 7.9% from the same period last year, with a 5.9% increase in revenue per case and a 2.0% increase in same-facility cases (there were the same number of business days in both periods). For the second quarter of 2019, the Company's net loss attributable to common stockholders was \$28.6 million compared to \$27.4 million for the same period last year. For the second quarter of 2019, the Company's Adjusted EBITDA increased 10.5% to \$61.2 million compared to \$55.4 million for the same period last year.

### Year to Date 2019 Results

Revenues year-to-date 2019 increased 1.7% over the prior year period to \$862.2 million while Adjusted Revenues increased 1.8% to \$877.7 million from \$862.1 million for the same period last year. When adjusted for business days that we operated year-to-date 2019, same-facility revenues were up 7.3%, with a 2.5% increase in same-facility cases. For year-to-date 2019, the Company's net loss attributable to common stockholders was \$57.2 million compared to \$52.7 million for the same period last year. For year-to-date 2019, the Company's Adjusted EBITDA increased 9.3% to \$112.0 million compared to \$102.5 million for the same period last year.

## **Liquidity**

Surgery Partners had cash and cash equivalents of \$117.4 million and \$115.9 million of borrowing capacity under its revolving credit facility at June 30, 2019. Net operating cash outflows, including operating cash flows less distributions to non-controlling interests, were \$0.4 million for the second quarter of 2019. The Company's ratio of total net debt to EBITDA, as calculated under the Company's credit agreement was 7.8x at the end of the second quarter of 2019.

## **Guidance**

The Company continues to project that it will be able to grow revenues at a low single-digit percentage rate in 2019; when the 2018 baseline is adjusted for divested revenues, 2019 revenue growth is projected to be high single digits. The Company also continues to project that it will be able to grow Adjusted EBITDA at a double-digit percentage rate in 2019. The Company's outlook does not incorporate the impact of unidentified acquisitions and also does not include the impact of de novo activity. Consistent with historical seasonality and the projected timing of strategic initiatives, the Company projects that roughly one-third of its full-year 2019 Adjusted EBITDA will occur in the fourth quarter.

## **Conference Call Information**

Surgery Partners will hold a conference call today, August 7, 2019 at 8:30 a.m. (Eastern Time). The conference call can be accessed live over the phone by dialing 1-877-451-6152, or for international callers, 1-201-389-0879. A replay will be available two hours after the call and can be accessed by dialing 1-844-512-2921, or for international callers, 1-412-317-6671. The passcode for the live call and the replay is 13690163. The replay will be available until August 21, 2019.

Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the Investor Relations section of the Company's website at [www.surgerypartners.com](http://www.surgerypartners.com). The on-line replay will remain available for a limited time beginning immediately following the call.

To learn more about Surgery Partners, please visit the Company's website at [www.surgerypartners.com](http://www.surgerypartners.com). Surgery Partners uses its website as a channel of distribution for material Company information. Financial and other material information regarding Surgery Partners is routinely posted on the Company's website and is readily accessible.

## **About Surgery Partners**

Headquartered in Brentwood, Tennessee, Surgery Partners is a leading healthcare services company with a differentiated outpatient delivery model focused on providing high quality, cost effective solutions for surgical and related ancillary care in support of both patients and physicians. Founded in 2004, Surgery Partners is one of the largest and fastest growing surgical services businesses in the country, with more than 180 locations in 31 states, including ambulatory surgery centers, surgical hospitals, a diagnostic laboratory, multi-specialty physician practices and urgent care facilities. For additional information, visit [www.surgerypartners.com](http://www.surgerypartners.com).

## **Forward-Looking Statements**

This press release contains forward-looking statements, including those regarding growth, our anticipated operating results for 2019 and other similar statements. These statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "continues," "estimates," "predicts," "projects," "forecasts," "may," "could," and similar expressions. All forward looking statements are based on current expectations and beliefs as of the date of this release and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements, including but not limited to, our ability to execute on our operational and strategic initiatives, the timing and impact of our portfolio optimization efforts, our ability to continue to improve same-facility volume and revenue growth on the timeline anticipated, if at all, our ability to successfully integrate acquisitions, the anticipated impact and timing of our ongoing efficiency efforts, including insurance consolidations and completed headcount actions, as well as our ongoing procurement and revenue cycle efforts, the impact of adverse weather conditions and other events outside of our control, whether or not a settlement is reached with the government relating to the previously disclosed investigation, the terms of any such settlement and the ongoing cost of complying with the terms of any such settlement, as well as the risks identified and discussed from time to time in the Company's reports filed with the SEC, including in Item 1A under the heading "Risk Factors" in the Company's most recent Annual Report on Form 10-K. Except as required by law, the Company undertakes no obligation to revise or update publicly any forward-looking statements to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events or circumstances.

### **Use of Non-GAAP Financial Measures**

In addition to the results prepared in accordance with generally accepted accounting principles in the United States ("GAAP") provided throughout this press release, Surgery Partners has presented the following non-GAAP financial measures: Adjusted net loss attributable to common stockholders, Adjusted net loss per share attributable to common stockholders, Adjusted EBITDA and Adjusted Revenues, which exclude various items detailed in the attached "Reconciliation of Non-GAAP Financial Measures".

These non-GAAP financial measures are not intended to replace financial performance measures determined in accordance with GAAP. Rather, they are presented as supplemental measures of the Company's performance that management believes may enhance the evaluation of the Company's ongoing operating results. These non-GAAP financial measures are not presented in accordance with GAAP, and the Company's computation of these non-GAAP financial measures may vary from those used by other companies. These measures have limitations as an analytical tool, and should not be considered in isolation or as a substitute or alternative to revenue, net income or loss, operating income or loss, cash flows from operating activities, total indebtedness or any other measures of operating performance, liquidity or indebtedness derived in accordance with GAAP.

**SURGERY PARTNERS, INC.**  
**Selected Consolidated Financial Data**  
*(Dollars in millions, except per share amounts, shares in thousands)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	\$ 445.4	\$ 436.6	\$ 862.2	\$ 847.9
Operating expenses:				
Salaries and benefits	132.7	134.1	261.9	263.8
Supplies	123.4	121.2	238.4	235.6
Professional and medical fees	36.4	36.7	71.5	72.4
Lease expense	21.0	21.8	41.6	43.2
Other operating expenses	26.9	26.3	53.1	52.4
Cost of revenues	340.4	340.1	666.5	667.4
General and administrative expenses	23.3	26.1	45.0	50.3
Depreciation and amortization	19.1	16.7	37.9	32.4
Income from equity investments	(2.2)	(2.5)	(4.2)	(4.4)
(Gain) loss on disposals and deconsolidations, net	(8.2)	3.2	(7.6)	3.2
Transaction and integration costs	6.2	11.7	8.2	16.7
Loss on debt extinguishment	11.7	—	11.7	
Other income	(0.4)	(2.2)	(0.4)	(2.4)
Total operating expenses	389.9	393.1	757.1	763.2
Operating income	55.5	43.5	105.1	84.7
Tax receivable agreement expense	—	—	(2.4)	—
Interest expense, net	(46.4)	(35.9)	(88.4)	(70.2)
Income before income taxes	9.1	7.6	14.3	14.5
Income tax expense	1.0	3.3	2.7	5.1
Net income	8.1	4.3	11.6	9.4
Less: Net income attributable to non-controlling interests	(27.9)	(23.8)	(51.5)	(46.4)
Net loss attributable to Surgery Partners, Inc.	(19.8)	(19.5)	(39.9)	(37.0)
Less: Amounts attributable to participating securities	(8.8)	(7.9)	(17.3)	(15.7)
Net loss attributable to common stockholders	\$ (28.6)	\$ (27.4)	\$ (57.2)	\$ (52.7)
Net loss per share attributable to common stockholders				
Basic	\$ (0.59)	\$ (0.57)	\$ (1.19)	\$ (1.10)
Diluted <sup>(1)</sup>	\$ (0.59)	\$ (0.57)	\$ (1.19)	\$ (1.10)
Weighted average common shares outstanding				
Basic	48,291	48,016	48,241	48,012
Diluted <sup>(1)</sup>	48,291	48,016	48,241	48,012

<sup>(1)</sup> The impact of potentially dilutive securities for all periods presented was not considered because the effect would be anti-dilutive in those periods.

**SURGERY PARTNERS, INC.**  
**Selected Financial and Operating Data**  
*(Dollars in millions, except per case and per share amounts)*

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<b>Balance Sheet Data (at period end):</b>		
Cash and cash equivalents	\$ 117.4	\$ 184.3
Total current assets	529.0	588.3
Total assets	4,890.9	4,676.3
Current maturities of long-term debt	57.3	55.6
Total current liabilities	368.8	349.3
Long-term debt, less current maturities	2,397.4	2,270.9
Total liabilities	3,153.3	2,891.5
Non-controlling interests—redeemable	316.0	326.6
Redeemable preferred stock	376.6	359.3
Total Surgery Partners, Inc. stockholders' equity	358.7	404.6
Non-controlling interests—non-redeemable	686.3	694.3
Total stockholders' equity	1,045.0	1,098.9

<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>

**Cash Flow Data:**

Net cash provided by (used in):

Operating activities	\$ 26.7	\$ 39.6	\$ 47.2	\$ 69.6
Investing activities	(24.5)	(18.4)	(42.9)	(54.8)
Capital expenditures	(20.0)	(6.0)	(31.8)	(15.9)
Payments for acquisitions, net of cash acquired	(5.6)	(22.3)	(13.2)	(47.9)
Financing activities	(27.3)	(37.9)	(71.2)	(93.6)
Distributions to non-controlling interests	(27.1)	(24.9)	(60.9)	(55.8)

<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>

**Other Data:**

Number of surgical facilities as of the end of period	128	124	128	124
Number of consolidated surgical facilities as of the end of period	107	106	107	106

Cases	133,193	131,646	257,705	256,504
Revenue per case	\$ 3,344	\$ 3,316	\$ 3,346	\$ 3,306
Adjusted EBITDA	\$ 61.2	\$ 55.4	\$ 112.0	\$ 102.5
Adjusted EBITDA margin <sup>(2)</sup>	13.5%	12.5%	12.8%	11.9%
Adjusted net loss per share attributable to common stockholders - Basic	\$ (0.29)	\$ (0.18)	\$ (0.71)	\$ (0.44)
Adjusted net loss per share attributable to common stockholders - Diluted	\$ (0.29)	\$ (0.18)	\$ (0.71)	\$ (0.44)

<sup>(2)</sup> Defined as Adjusted EBITDA as a % of Adjusted Revenues. A reconciliation of these non-GAAP financial measures appears below.



**SURGERY PARTNERS, INC.**  
**Supplemental Information**  
*(Dollars in millions, except per case amounts)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Same-facility Information <sup>(3)</sup>:</b>				
Cases	141,421	138,710	274,289	269,815
Case growth	2.0%	N/A	1.7%	N/A
Revenue per case	\$ 3,166	\$ 2,991	\$ 3,162	\$ 3,020
Revenue per case growth	5.9%	N/A	4.7%	N/A
Number of work days in the period	64	64	127	128
Case growth (days adjusted)	2.0%	N/A	2.5%	N/A
Revenue growth (days adjusted)	7.9%	N/A	7.3%	N/A

<sup>(3)</sup> Same-facility information includes cases and revenues from our consolidated and non-consolidated surgical facilities (excluding facilities acquired in new markets or divested during the current and prior periods).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Segment Revenues:</b>				
Surgical facility services	\$ 424.0	\$ 413.0	\$ 819.8	\$ 801.3
Ancillary services	20.4	20.8	40.3	40.8
Optical services	1.0	2.8	2.1	5.8
Total revenues	<u>\$ 445.4</u>	<u>\$ 436.6</u>	<u>\$ 862.2</u>	<u>\$ 847.9</u>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Adjusted EBITDA:</b>				
Surgical facility services	\$ 78.4	\$ 75.5	\$ 146.8	\$ 142.0
Ancillary services	1.4	1.0	2.6	2.1
Optical services	0.4	0.7	0.9	1.5
All other	(19.0)	(21.8)	(38.3)	(43.1)
Total adjusted EBITDA	<u>\$ 61.2</u>	<u>\$ 55.4</u>	<u>\$ 112.0</u>	<u>\$ 102.5</u>

**SURGERY PARTNERS, INC.**  
**Reconciliation of Non-GAAP Financial Measures**  
*(Dollars in millions)*

The following table reconciles Adjusted Revenues to revenues in the selected consolidated financial information, the most directly comparable GAAP measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Adjusted Revenues <sup>(4)</sup>:</b>				
Revenues	\$ 445.4	\$ 436.6	\$ 862.2	\$ 847.9
Add: provision for doubtful accounts	7.4	8.2	15.5	14.2
Total Adjusted Revenues	<u>\$ 452.8</u>	<u>\$ 444.8</u>	<u>\$ 877.7</u>	<u>\$ 862.1</u>

<sup>(4)</sup> In accordance with a new accounting standard that was effective prospectively beginning January 1, 2018, we reflected our estimated provision for doubtful accounts net of revenues rather than as an operating expense, as it had historically been presented. Adjusted Revenues add back the estimated provision for doubtful accounts. We believe such an adjustment is appropriate, as the new standard did not affect historical results prior to 2018, which impacts historical comparability. Our calculation of adjusted revenues may not be comparable to similarly titled measures reported by other companies.

The following table reconciles Adjusted EBITDA to income before income taxes in the reported condensed consolidated financial information, the most directly comparable GAAP financial measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Adjusted EBITDA <sup>(5)</sup>	\$ 61.2	\$ 55.4	\$ 112.0	\$ 102.5
Net income attributable to non-controlling interests	27.9	23.8	51.5	46.4
Depreciation and amortization	(19.1)	(16.7)	(37.9)	(32.4)
Interest expense, net	(46.4)	(35.9)	(88.4)	(70.2)
Equity-based compensation expense	(3.0)	(2.8)	(4.9)	(4.8)
Contingent acquisition compensation expense	—	(0.5)	—	(1.0)
Transaction, integration and acquisition costs <sup>(6)</sup>	(8.0)	(12.5)	(11.5)	(18.0)
Reserve adjustments <sup>(7)</sup>	—	—	—	(4.8)
Loss on debt extinguishment	(11.7)	—	(11.7)	—
Gain (loss) on disposals and deconsolidations, net	8.2	(3.2)	7.6	(3.2)
Tax receivable agreement expense	—	—	(2.4)	—
Income before income taxes	<u>\$ 9.1</u>	<u>\$ 7.6</u>	<u>\$ 14.3</u>	<u>\$ 14.5</u>

<sup>(5)</sup> We use Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by management to assess operating performance, make business decisions and allocate resources. Non-controlling interests represent the interests of third parties, such as physicians, and in some cases, healthcare systems that own an interest in surgical facilities that we consolidate for financial reporting purposes. We believe that it is helpful to investors to present Adjusted EBITDA as defined above because it excludes the portion of net income attributable to these third-party interests and clarifies for investors our portion of Adjusted EBITDA generated by our surgical facilities and other operations.

Adjusted EBITDA is not a measurement of financial performance under GAAP, and should not be considered in isolation or as a substitute for net income, operating income or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating our financial performance. We believe such adjustments are appropriate, as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

<sup>(6)</sup> For the three months ended June 30, 2019 and 2018, this amount includes transaction and integration costs of \$6.2 million and \$11.7 million, respectively, and acquisition costs of \$1.2 million and \$0.8 million, respectively. This amount further includes start-up costs related to a de novo surgical hospital of \$0.6 million for the three months ended June 30, 2019, with no comparable costs in the 2018 period. For the six months ended June 30, 2019 and 2018, this amount includes transaction and integration costs of \$8.2 million and \$16.7 million, respectively, and acquisition costs of \$1.5 million and \$1.3 million, respectively. This amount further includes start-up costs related to a de novo surgical hospital of \$1.8 million for the six months ended June 30, 2019, with no comparable costs in the 2018 period.

<sup>(7)</sup> This amount represents adjustments to revenue in order to apply consistent policies to businesses acquired by Surgery Partners in prior periods.

**SURGERY PARTNERS, INC.**  
**Reconciliation of Non-GAAP Financial Measures**  
*(Dollars in millions, except per share amounts, shares in thousands)*

From time to time, the Company incurs certain non-recurring gains or losses that are normally non-operational in nature and that it does not consider relevant in assessing its ongoing operating performance. When significant, Surgery Partners' management and Board of Directors typically exclude these gains or losses when evaluating the Company's operating performance and in certain instances when evaluating performance for incentive compensation purposes. Additionally, the Company believes that certain investors and equity analysts exclude these or similar items when evaluating the Company's current or future operating performance and in making informed investment decisions regarding the Company. Accordingly, the Company provides adjusted net loss attributable to common stockholders and adjusted net loss per share attributable to common stockholders as supplements to the comparable GAAP measures. Adjusted net loss attributable to common stockholders and adjusted net loss per share attributable to common stockholders should not be considered measures of financial performance under GAAP, and the items excluded from such measures are significant components in understanding and assessing financial performance. These measures should not be considered in isolation or as an alternative to the comparable GAAP measures as presented in the consolidated financial statements.

The following table reconciles net income as reflected in the consolidated statements of operations to adjusted net loss used to calculate adjusted net loss per share attributable to common stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Consolidated Statements of Operations Data:</b>				
Net Income	\$ 8.1	\$ 4.3	\$ 11.6	\$ 9.4
<i>Plus (minus):</i>				
Net income attributable to non-controlling interests	(27.9)	(23.8)	(51.5)	(46.4)
Amounts attributable to participating securities	(8.8)	(7.9)	(17.3)	(15.7)
Equity-based compensation expense	3.0	2.8	4.9	4.8
Contingent acquisition compensation expense	—	0.5	—	1.0
Transaction, integration and acquisition costs	8.0	12.5	11.5	18.0
Reserve adjustments	—	—	—	4.8
(Gain) loss on disposals and deconsolidations, net	(8.2)	3.2	(7.6)	3.2
Loss on debt extinguishment	11.7	—	11.7	—
Tax receivable agreement expense	—	—	2.4	—
Adjusted net loss attributable to common stockholders	\$ (14.1)	\$ (8.4)	\$ (34.3)	\$ (20.9)
<b>Adjusted net loss per share attributable to common stockholders</b>				
Basic	\$ (0.29)	\$ (0.18)	\$ (0.71)	\$ (0.44)
Diluted <sup>(8)</sup>	\$ (0.29)	\$ (0.18)	\$ (0.71)	\$ (0.44)
<b>Weighted average common shares outstanding</b>				
Basic	48,291	48,016	48,241	48,012
Diluted <sup>(8)</sup>	48,291	48,016	48,241	48,012

<sup>(8)</sup> The impact of potentially dilutive securities for all periods presented was not considered because the effect would be anti-dilutive in those periods.

**Contact**

Thomas F. Cowhey, Chief Financial Officer  
Surgery Partners, Inc.  
(615) 234-8940  
IR@surgerypartners.com